78TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { No. 88

AMENDING THE AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED

FEBRUARY 2, 1942.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. FULMER, from the Committee on Agriculture, submitted the following

REPORT

[To accompany H. R. 1605]

The Committee on Agriculture, to whom was referred the bill (H. R. 1605) to amend the Agricultural Adjustment Act of 1938, as amended, with respect to farm-acreage allotments, the farm marketing excess of wheat, the use of excess corn as silage for feed to livestock on the farm, to provide for the adequate supply of peanuts for oil and other uses, and for other purposes, having considered the same, report thereon with a recommendation that it do pass.

STATEMENT

SECTION 1

The main purpose of section 1 of this bill is to assure the farmer that if he follows the recommendations of the Secretary of Agriculture under the war program and temporarily abandons the planting of his lands to the crops not needed so badly and produces instead the crops that are needed, he will not lose his acreage allotment by reason of such temporary shifting of crops.

This section also protects the farmer against the loss of his acreage allotment where he is unable to produce the particular crop covered by the allotment on account of the fact that he has been inducted into the military service or has been unable to secure the labor or equipment necessary to make a crop.

It will be observed that in the case of wheat the provision protects the State and county allotments by providing that they shall not be reduced when the failure to plant is due to reason 1, 2, 3, or 4 as set out in this section. It leaves it up to the county agricultural conservation committee to determine whether the acreage not used

for wheat on account of the reasons stated in this section shall be retained on the farms to which it is now allotted or allotted to other land in the county under existing provisions of law. As far as reason 1 is concerned, the Department of Agriculture advises that under its 1943 program regulations have already been issued to protect the acreage allotments of those producers who divert wheat acreage to war crops.

SECTION 2

Section 2 provides that after the effective date of the act and during the period of the present emergency, the farm marketing excess of any crop of wheat, beginning with that harvested in 1941, may be fed to livestock without payment of penalty. Under existing law and regulations, this wheat cannot be sold or fed without payment of a penalty equal to one-half of the basic loan rate on wheat for the year when harvested. This excess wheat comes from two sources. Some of it constitutes a farm marketing excess because of the fact that the producer planted more than his allotted acreage. The other source is volunteer or self-seeded wheat. All of this wheat from both sources is now immobilized. Much of it is stored on farms which are producing livestock and where additional livestock feed is needed. Undoubtedly, the passage of this legislation will result in the feeding of a considerable quantity of this wheat. In view of the present and impending shortage of livestock feed and the need for large increases in livestock production, it is believed that the release of this wheat under the circumstances mentioned will contribute to the war effort.

SECTION 3

The growing scarcity of dairy products and the decrease in the supply of feed for dairy cattle calls for immediate legislative action which will permit dairy farmers to produce corn for silage feed to cattle without being subject to the penalties of existing law.

Section 3 therefore amends the Agricultural Adjustment Act of 1938, as amended, to afford a producer of corn in the commercial corn area the privilege to plant and harvest corn in excess of the acreage allotment for corn if the excess acreage planted to corn is used as silage fodder corn for feed to livestock on the farm. Such producer of excess corn for silage shall be entitled to secure parity payments and loans on the corn produced on the acreage allotted for corn if he otherwise complies with the Agricultural Adjustment Act of 1938, as amended, and the regulations thereunder, and does not exceed his allotted soil-depleting acreage.

This amendment is particularly needed for small dairy farms within the commercial corn area to provide for an adequate amount of silage fodder corn for dairy cattle feed. During the past 5 years most of the dairy farmers covered by this amendment have not received a large enough acreage allotment for corn production to provide for the average needs for this type of farming. Hundreds of dairy farmers, who cooperated in the farm program, were unable to produce enough corn on the allotted corn acreage to fill their silos with silage fodder corn. It takes from 10 to 15 acres of good standing corn to fill the average silo. Often the acreage allotted for corn did not exceed this requirement and farmers were compelled to buy corn and other feed to make up the deficiency in feed.

Corn silage is a high quality feed for dairy cattle, so essential to maximum production of milk. The adoption of this amendment to the Agricultural Adjustment Act will materially increase the supply of feed for dairy cattle and at the same time permit dairy farmers to continue cooperating in the farm program.

SECTION 4

One of the most critical needs of the Nation today is an additional supply of fats and oils, particularly vegetable oil. In fact, the need has already become so urgent that studies are under way to determine the minimum amount on which the human body can maintain normal health. Of course our military and naval forces must be maintained at the maximum rather than the minimum requirements. In addition, our allies, particularly Russia and England, are in most urgent need of additional fats and oils. This greatly increased demand, when most of our imports are cut off, has made it necessary to encourage the farmers to greatly increase their production of oil seed crops.

This has resulted in the request by the Secretary of Agriculture for large acreages of soybeans, flaxseed, and peanuts. The peanut is one of the best sources of vegetable oil and renders an oil having a wide diversity of uses. In normal times the allotted acreage for peanuts has been 1,610,000 acres, while for 1943 an acreage of 5,500,000 has been requested and is urgently needed.

The present law provides for marketing quotas for peanuts which require the setting up each year of a national acreage allotment sufficient to supply only the edible trade, and which assures the producers who cooperate with the program a price of not less than 90 percent of the parity price.

The Price Administrator has placed a ceiling on vegetable oils, which will not cover the cost of producing the oil seed. This has brought about a very unfortunate and unhappy situation among the producers of these oil crops. By reason of this ceiling on vegetable oils, the Secretary was able to assure the 1942 producers of peanuts for oil a maximum price of only $82 per ton, when the actual out-of-pocket cost of producing such peanuts is considerably in excess of that figure. This has also brought about a two-price system for peanuts: One price for those produced on allotted acreage for edible purposes and another price for excess peanuts produced for oil. This has naturally created considerable dissatisfaction among the producers, as it costs just as much to produce peanuts for oil as it does peanuts for edible purposes. Under ordinary conditions it is rarely necessary to produce peanuts for vegetable oil, and very few are produced for that purpose; but during the present emergency, peanuts for oil are just as important as peanuts for food.

Section 4 of this bill, therefore, provides that, for the years 1943 and 1944, peanuts for whatever purpose produced, shall be treated the same and the producers shall receive the same price; that is, that peanuts grown on excess or unallotted acreage shall bring the same price, 85 percent of the parity price, according to grades and types, as peanuts grown on allotted acreage. The limitation of 2 years is in the hope and expectation that victory will crown our armed forces by the end of that time.

As authorized by the present law, the peanut producers in 1941 voted overwhelmingly in favor of marketing quotas on peanuts for

3 years, 1941, 1942, and 1943. Therefore, as matters stand today, those producers are entitled to receive the customary acreage allotments and to have the assurance of a price of not less than 90 percent of the parity price for the peanuts grown on such allotted acreage with no limitation on a higher price except such as might hereafter be imposed by the Price Administrator under authority of existing price-control laws.

So by the adoption of the temporary plan proposed in this section, the old producers will suffer considerable loss, but they have indicated their willingness to do so as an aid to the Nation in time of war. Also they will be requested to plant considerable extra acreage in peanuts and under this section will receive a better price than last year for such excess peanuts for oil.

While the section sets up the one-price system, whether the peanuts are grown on allotted or unallotted acreage, the bill provides that allotments will continue to be made for the years 1943 to 1946, inclusive, and that such allotments, the normal yields and marketing quotas for those years shall be the same as existed for the crop produced in the year 1942, and that marketing quotas shall be so continued without the necessity of a proclamation by the Secretary of Agriculture or a referendum of farmers as provided in sections 358 (a) and 358 (b) of the act, and excess acreage harvested in 1943 and 1944 is not to qualify the farm or form the basis for subsequent allotments.

The Secretary of Agriculture, who urges passage of this section, has advised the committee with regard to its operation in the following letter:

JANUARY 30, 1943.

Hon. HAMPTON P. FULMER,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR MR. FULMER: In accordance with your telephone request we are stating below the understanding which the Department has of the meaning of language in section 4 of the bill H. R. 1561 to the effect that "producers shall be paid prices determined by the Secretary at not less than 85 per centum of the parity price for peanuts as of July 15 of the year in which such peanuts were produced."

In the first place, prices for the different types of peanuts would be established which will maintain customary price relationships among the types and which would weigh out to an average equal to 85 percent of the parity price for all peanuts. With the parity price of $148.80 per ton and an average quality crop, it is believed that the purchase prices for the different types of peanuts would average not less than the following:

	Per ton
Southeastern Spanish	$130.00
Virginia	127.50
Southwestern Spanish	127.50
Runners	120.00

In the second place, it is contemplated that a single schedule of prices by grades would be established for each type of peanuts, the grades for all types with the probable exception of Virginia-type peanuts to take into account the oil content of peanuts. The price for the top grade of each type would be not less than $6 per ton above the average.

It will be noted that the average price above for southwestern Spanish peanuts is estimated at $2.50 per ton less than the average for southeastern Spanish. This is based on information as to differences in average prices in past years rather than differences in prices by grade. As to prices by grades, it is the understanding of the Department that southeastern and southwestern Spanish peanuts of like grade and quality would be purchased at the same price.

You requested also some indication as to what we think the parity price of peanuts may be as of July 15, 1943. The parity price of peanuts was 7.44 cents per pound or $148.80 per ton as of December 15, 1942. Some further increase in the parity index may be expected, and we estimate that the parity price for peanuts will be at least equal to or slightly in excess of $150 per ton by July 15, 1943.

Sincerely yours,

(Signed) GROVER B. HILL,
Assistant Secretary.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the reported bill are shown as follows (existing law proposed to be omitted is enclosed in black brackers, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

Agricultural Adjustment Act of 1938, as amended:

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SUBTITLE C—ADMINISTRATIVE PROVISIONS

PART II—ADJUSTMENT OF QUOTAS AND ENFORCEMENT

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COURT JURISDICTION

SEC. 376. The several district courts of the United States are hereby vested with jurisdiction specifically to enforce the provisions of this title. If and when the Secretary shall so request, it shall be the duty of the several district attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings to collect the penalties provided in this title. The remedies and penalties provided for herein shall be in addition to, and not exclusive of, any of the remedies or penalties under existing law.

SEC. 377. Notwithstanding any other provisions of this Act, for any farm (or in the case of rice, for any person) which has in 1942 an acreage allotment for any commodity, except wheat, under the provisions of this title, the allotment for any subsequent year shall not be reduced on account of the failure to plant, harvest, or market, in whole or part, the commodity in any of the years beginning February 1, 1943, and ending December 31 of the year in which the President by proclamation or the Congress by concurrent resolution declares that hostilities in the present war have terminated, if such failure was due solely to—

(1) the shifting from the production of the commodity to the production of one or more needed war crops, in accordance with the request of the Secretary; or

(2) the owner, tenant, or operator having entered the military or naval service; or

(3) the owner, tenant, or operator being unable to secure adequate farm equipment and machinery or farm labor (including tenants); or

(4) any combination of the foregoing.

Any determination by a county agricultural conservation committee under this section may be reviewed only by the State agricultural conservation committee. For the purpose only of determining State and county allotments under subsections (a) and (b) of section 334, in the case of wheat, the acreage which shall be considered to have been planted to wheat for harvest in each year of the period beginning January 1, 1943, and ending December 31 following the date upon which the President by proclamation or the Congress by concurrent resolution declares that hostilities in the present war have terminated, shall be the acreage which the Secretary determines would have been planted to wheat for harvest in such year except for one or more of the reasons set forth in (1), (2), (3), and (4) above.

Public 74, as amended:

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(12) Notwithstanding any of the foregoing provisions, the farm marketing excess for any crop of wheat for any farm shall not be larger than the amount by which the actual production of such crop of wheat on the farm exceeds the normal production of the farm wheat-acreage allotment, if the producer establishes such

actual production to the satisfaction of the Secretary. Where a downward adjustment in the amount of the farm marketing excess is made pursuant to the provisions of this paragraph, the difference between the amount of the penalty or storage as computed upon the farm marketing excess before such adjustment and as computed upon the adjusted farm marketing excess shall be returned to or allowed the producer.

(13) Notwithstanding any of the foregoing provisions, the farm marketing excess for any crop of wheat beginning with the crop harvested in the year 1941 and ending with the crop harvested in the year in which the President by proclamation or the Congress by concurrent resolution declares that hostilities in the present war have terminated, for any farm shall be reduced by the amount of such crop of wheat produced on the farm which the producer thereof after the effective date of the Act feeds to livestock or poultry belonging to him, if the producer establishes the amount of such feeding to the satisfaction of the Secretary. Where an adjustment in the amount of the farm marketing excess is made pursuant to the provisions of this paragraph, the difference between the amount of the penalty or storage as computed upon the farm marketing excess before such adjustment and as computed upon the adjusted farm marketing excess shall be returned to or allowed the producer.

Agricultural Adjustment Act of 1938, as amended:

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CONSUMER SAFEGUARDS

SEC. 304. The powers conferred under this Act shall not be used to discourage the production of supplies of foods and fibers sufficient to maintain normal domestic human consumption as determined by the Secretary from the records of domestic human consumption in the years 1920 to 1929, inclusive, taking into consideration increased population, quantities of any commodity that were forced into domestic consumption by decline in exports during such period, current trends in domestic consumption and exports of particular commodities, and the quantities of substitutes available for domestic consumption within any general class of food commodities. In carrying out the purposes of this Act it shall be the duty of the Secretary to give due regard to the maintenance of a continuous and stable supply of agricultural commodities from domestic production adequate to meet consumer demand at prices fair to both producers and consumers.

CORN PAYMENTS AND LOANS

SEC. 305. With respect to the crops harvested after June 30, 1943, in the case of any producer who does not exceed his allotted soil-depleting acreage, and who otherwise complies with the Agricultural Adjustment Act of 1938, as amended, and the regulations issued thereunder, but the acreage planted to corn exceeds the farm-acreage allotment for corn, the producer shall be entitled to parity payments under section 303 and the loan rate applicable to cooperators under section 302 with respect to the corn acreage not in excess of the farm acreage allotment for corn if the excess acreage planted to corn is harvested as silage fodder corn for feed to livestock on the farm.

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